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Operational activities for development

Strengthening of the United Nations system

Joint Inspection Unit

Voluntary contributions in United Nations system organizations: impact on programme delivery and resource mobilization strategies

Note by the Secretary-General

The Secretary-General has the honour to transmit herewith, for the consideration of the General Assembly, his comments and those of the United Nations System Chief Executives Board for Coordination (CEB), on the report of the Joint Inspection Unit entitled "Voluntary contributions in United Nations system organizations: impact on programme delivery and resource mobilization strategies" (A/62/546).

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Summary

The report of the Joint Inspection Unit entitled "Voluntary contributions in United Nations system organizations: impact on programme delivery and resource mobilization strategies" (A/62/546) examines recent trends in voluntary funding and its effect on programme delivery.

The present report sets out the views of United Nations system organizations on the recommendations provided in the report of the Joint Inspection Unit. The views of the system have been consolidated on the basis of inputs provided by United Nations System Chief Executives Board for Coordination (CEB) member organizations. CEB members generally concur with the recommendations of the Joint Inspection Unit and note the comprehensive nature of the underlying analysis.

I. Introduction

1. The Joint Inspection Unit report entitled "Voluntary contributions in United Nations system organizations: impact on programme delivery and resource mobilization strategies" examines the issues surrounding extrabudgetary or non-core funding, including recent trends, best practices and the impact of those trends on programme delivery. Based upon surveys and interviews conducted by the Joint Inspection Unit, the report notes the growth in recent years of these voluntary contributions and examines the impact, both positive and negative, that this growth can have on programme delivery. Five of the seven recommendations in the report (for action by both legislative bodies and executive heads) address these concerns, which include the lack of predictability of these resources, the lack of flexibility associated with such funds and the potential for the distortion of programme priorities that can occur. The report analyses the issues associated with voluntary funding and the strategies organizations have used to manage the resource mobilization process.

II. General comments

2. Organizations note that the Joint Inspection Unit report provides an informative and comprehensive overview of the main issues and challenges that United Nations organizations have to face regarding voluntary contributions. In general, organizations support the recommendations presented in the report. Some organizations note that the executive summary tries to be germane to all United Nations agencies and consequently does not highlight the best practices already existing in certain United Nations agencies. In addition, they observe that the summary does not reflect the fact that within organizations, individual programmes and departments can display large variations in their ability and success in raising funds. This can have an effect on the ability of an organization to implement its programmes, due to the imbalance of contributions across an organization. Furthermore, a large number of organizations express satisfaction that many of the recommendations reflect ongoing processes and efforts in this area.

III. Specific comment on Joint Inspection Unit recommendations

Recommendation 1

The legislative bodies of each United Nations fund and programme should establish an intergovernmental working group to develop proposals for a voluntary indicative scale of contributions for core resources, based on the model adopted by the United Nations Environment Programme, for the consideration and approval of the legislative bodies.

3. CEB members do not generally support this recommendation. While some note that the proposed voluntary indicative scale of contributions might enhance the predictability and sustainability of funding, others express significant reservations about implementing a one size fits all approach. Several organizations either note that this approach had been discussed internally and rejected, or present examples of where this approach had been tried, with very little success. They express concern

regarding the risk of bringing voluntary contributions to the lowest common denominator and note that a danger of the indicative scale is that it gives donors above the scale a pretext for decreasing their contributions.

Recommendation 2

Executive heads should develop, or continue to develop, flexible funding modalities, such as thematic funding and pooled funding, for the consideration and approval of the legislative bodies.

4. CEB members support this recommendation, but stress that these solutions and the accompanying structures must be in line with the general principles of governance of the organization and that the responsibilities regarding the management of the resources thus generated need to be clearly defined. Nevertheless, they note that the search for more flexible funding modalities, such as thematic funding and pooled funding, is certainly a worthwhile option. Several organizations note successful implementation of these strategies.

Recommendation 3

Executive heads should review the existing policies and procedures of their respective organizations that guide interactions with donor countries, and revise them, as appropriate, to ensure that those interactions are conducted in a systematic and open manner.

5. Organizations of the United Nations system support this recommendation and note that systematic engagement and transparency in relations with donor countries are crucial in providing accountability and building trust. Many organizations indicate that they already review policies and procedures to ensure that interactions with donor countries are conducted in a systematic and open manner, and that these procedures are updated as needed.

Recommendation 4

The legislative bodies of United Nations system organizations should request their respective executive heads to expedite work on the harmonization of support cost recovery policies that is currently being carried out under the auspices of the United Nations System Chief Executives Board for Coordination.

6. Organizations note the importance of the harmonization of support cost recovery policies that are currently carried out under the auspices of the United Nations System Chief Executives Board for Coordination. They recognize the need to provide consistency in support cost recovery policies across the system and, individually, organizations recognize the need to demonstrate cost efficiency and operational effectiveness by charging direct and indirect costs through a transparent budget structure. Some organizations indicate that they are in the process of realigning core budget structures by applying established definitions and principles to reflect direct costs, fixed indirect costs (management) and variable indirect costs. Therefore, organizations support this recommendation.

Recommendation 5

The legislative bodies of United Nations system organizations should request that their respective executive heads ensure that agreements negotiated with individual donor countries for associate expert/junior professional officer

programmes include a funding component for candidates from under- and unrepresented countries.

7. CEB members generally support and express appreciation for the spirit of this recommendation, although some suggest that any effort to provide funding for Junior Professional Officer candidates from under- and unrepresented countries be targeted to developing countries. Furthermore, organizations indicate that they support the Junior Professional Officer programme and take every opportunity to encourage its donors to consider nationals from under- and unrepresented countries. In addition, they note that this issue has already been taken up collectively by the United Nations agencies at their recent biennial meeting with the donors. They observe that while most of the donors are sympathetic, they face internal political and financial pressures that prohibit them from investing in this important programme. Finally, organizations note that the recommendation may not require discussion at the level of the legislative body.

Recommendation 6

The legislative bodies of United Nations system organizations that have not already done so should request that their respective executive heads develop a corporate resource mobilization strategy for the consideration and approval of the legislative bodies.

8. Most organizations support this recommendation, although some question its value, as existing funding commitment documents should suffice, especially since they are already incorporated in the strategic plan of the organization. Some organizations note, however, that in its present formulation, the call to develop a "corporate resource mobilization strategy", per se, does not necessarily provide the solution for any critical shortfall in core budget resources. While voluntary funding inherently implies a lack of predictability, funding for core infrastructure is directly dependent on the administrative efficiency, budget transparency and overall management effectiveness of the organization.

Recommendation 7

Executive heads should ensure that the resource mobilization strategy developed for their respective organizations includes a centralized coordinating entity and that the roles, responsibilities and any delegated authorities for resource mobilization are clearly specified in the appropriate administrative instruments.

9. Organizations of the system agree with this recommendation and note that coordinated fund-raising from a central entity, at an appropriate level, is crucial in terms of channelling communications to the donors. They note that it is the only way quality control and credibility can be maintained. This does not preclude a system of decentralized fund-raising, e.g., through field offices (local fund-raising), however, adequate checks and balances need to be in place. Many organizations indicate that they have already put many of these processes and structures into place.